

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6630

BILL NUMBER: HB 1068

NOTE PREPARED: Dec 14, 2006

BILL AMENDED:

SUBJECT: Broadband Over Power Lines.

FIRST AUTHOR: Rep. Koch

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill allows the Utility Regulatory Commission (IURC) to authorize certain incentives for an electric utility that deploys a broadband over power lines (BPL) system, with respect to that part of the system that is used and useful in providing electric utility service to customers. The bill also requires the electric utility to record and account for its capital investment and operating expenses reasonably incurred to support: (1) electric utility applications; and (2) other BPL services; used or consumed by the utility.

The bill provides that a BPL system must comply with federal laws and regulations protecting licensed spectrum users from interference by BPL systems. The bill also provides that the IURC may condition the granting or continuation of any incentive on the BPL system's compliance with applicable federal law.

Effective Date: Upon passage.

Explanation of State Expenditures:

Explanation of State Revenues: The bill allows an electric utility to apply for the ability to increase utility rates only to those customers consuming electricity from that portion of the electric system that has been modified for BPL use. The IURC determines, based on the expenditures by the utility for BPL infrastructure, whether or not to approve the rate adjustment. The rate adjustment can then be used as a means of cost recovery, enhanced return on equity on the capital portion of the investment in BPL, and deferrals for subsequent recovery in general rate cases. Applications for rate adjustments may also be made when a third party installs BPL over the electricity system.

Increases in revenues to electric utilities brought by this incentive program will increase fees collected by the IURC. Utilities must pay 0.0015 of gross intrastate operating revenues from the preceding calendar year to the IURC. The money is deposited into the Public Utility Fund, which is used to pay for administrative expenses and to maintain a \$250,000 contingency fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Utility Regulatory Commission.

Local Agencies Affected: Electric utilities.

Information Sources:

Fiscal Analyst: Adam Brown, 317-232-9854.